Condensed Consolidated Interim Financial Statements of

SILVER SPRUCE RESOURCES INC.

For the three and six months ended April 30, 2014 and 2013

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by the Company's auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Halifax, Nova Scotia
June 30, 2014

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SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	As at April 30, 2014	As at October 31, 2013
	$	$
Assets		
Current		
Cash	**6,264**	32,723
HST and other receivables	**12,905**	3,470
Refundable staking deposits	**730**	-
Prepaid expenses	**32,528**	35,850
Total current assets	**52,427**	72,043
Mineral exploration properties (Notes 6 and 11)	**821,051**	815,690
Equipment (Note 7)	**55,962**	67,128
Non-current refundable staking deposits	**465**	1,195
Investments	**338**	338
Total assets	**930,243**	956,394
Liabilities		
Current		
Trade payable and accrued liabilities (Note 11)	**448,698**	342,706
Loan payable (Note 11)	**67,260**	30,000
Total current liabilities	**515,958**	372,706
Shareholders' Equity		
Share capital (Note 8)	**27,398,740**	27,398,740
Warrant reserve (Note 9)	**28,596**	28,596
Equity reserve	**7,617,601**	7,617,601
Accumulated deficit	**(34,630,652)**	(34,461,249)
Total shareholders' equity	**414,285**	583,688
Total liabilities and shareholders' equity	**930,243**	956,394

Basis of preparation and going concern (Note 2)
Commitments and contingencies (Notes 6 and 13)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Rob Gillis, Director

Original signed by Gordon Barnhill, CFO, Director

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars except earnings per share - Unaudited)

	For the three months ended April 30, 2014	For the three months ended April 30, 2013	For the six months ended April 30, 2014	For the six months ended April 30, 2013
	$	$	$	$
Expenses				
Impairment of mineral properties (Note 6)	**-**	121,326	-	121,326
Office and general	**23,207**	34,131	31,128	46,145
Accounting, audit and legal	**51,730**	15,406	60,987	70,452
Wages and benefits	**6,500**	(1,108)	13,000	4,227
Consulting fees	**21,927**	21,927	43,854	45,110
Corporate relations	**5,160**	3,528	6,431	10,378
Travel	**-**	853	-	868
Amortization	**3,452**	5,455	7,151	11,450
Listing and filing fees	**6,236**	10,189	9,973	13,604
Total expenses	**118,212**	211,707	172,524	323,560
Recovery of Mexican VAT receivable		-	-	2,493
Foreign exchange gain (loss)	**(34)**	900	336	1,294
Unrealized gain (loss) on market value of investments	**-**	(3,144)	-	(3,119)
Gain (loss) on sale of equipment	**-**	3,345	2,785	3,345
Total other income	**(34)**	1,101	3,121	4,013
Net loss and comprehensive loss for the year	**118,246**	**210,606**	169,403	**319,547**
Net loss per share - basic and diluted	**0.00**	0.00	0.00	0.00
Weighted average number of shares outstanding - basic and diluted	**111,957,805**	111,666,138	111,957,805	111,636,651

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.

Condensed Consolidated Interim Statements of Change in Shareholders' Equity

(Expressed in Canadian Dollars - Unaudited)

		Share capital	Warrant reserve	Equity reserve	Accumulated deficit	Total equity
	Number of shares	$	$	$	$	$
Balance October 31, 2012	**111,607,805**	**27,391,740**	**596,377**	**7,192,311**	**(33,359,552)**	**1,820,876**
Net comprehensive loss for the period	-	-	-	-	(108,941)	(108,941)
Warrants expired	-	-	(567,781)	567,781	-	-
Balance January 31, 2013	**111,607,805**	**27,391,740**	**28,596**	**7,760,092**	**(33,468,493)**	**1,711,935**
Net comprehensive loss for the period	-	-	-	-	(210,606)	(210,606)
Shares issued for property acquisition	350,000	7,000	-	-	-	7,000
Balance April 30, 2013	**111,957,805**	**27,398,740**	**28,596**	**7,760,092**	**(33,679,099)**	**1,508,329**
Net comprehensive loss for the period	-	-	-	-	(538,398)	(538,398)
Balance July 31, 2013	**111,957,805**	**27,398,740**	**28,596**	**7,760,092**	**(34,217,497)**	**969,931**
Net comprehensive loss for the period	-	-	-	-	(243,752)	(243,752)
Tax on expired warrants	-	-	-	(142,491)	-	(142,491)
Balance October 31, 2013	**111,957,805**	**27,398,740**	**28,596**	**7,617,601**	**(34,461,249)**	**583,688**
Net comprehensive loss for the period	-	-	-	-	(51,157)	(51,157)
Balance January 31, 2014	**111,957,805**	**27,398,740**	**28,596**	**7,617,601**	**(34,512,406)**	**532,531**
Net comprehensive loss for the period	-	-	-	-	(118,246)	(118,246)
Balance April 30, 2014	**111,957,805**	**27,398,740**	**28,596**	**7,617,601**	**(34,630,652)**	**414,285**

See accompanying notes to the condensed consolidated interim financial statements

SILVER SPRUCE RESOURCES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the six months ended April 30 2014	For the six months ended April 30 2013
	$	$
Operating activities		
Net loss for the year	**(169,403)**	(319,547)
Items not involving cash:		
(Gain) loss on foreign exchange	**(336)**	(1,294)
Amortization	**7,151**	11,450
(Gain) loss on sale of equipment	**(2,785)**	(3,345)
Impairment of mineral properties	**-**	121,327
Unrealized (gain) loss in market value of investments	**-**	3,119
	(165,373)	(188,290)
Changes in non-cash working capital		
Decrease in prepaid expenses	**3,322**	11,838
(Increase) decrease in HST and other receivables	**(9,097)**	15,727
Increase in accounts payable and accrued liabilities	**102,300**	50,096
Change in non-cash operating working capital	**96,525**	77,661
Net cash flows from operating activities	**(68,848)**	(110,629)
Financing activities		
Proceeds from loan payable	**37,260**	30,000
Net cash flows from financing activities	**37,260**	30,000
Investing activities		
Mineral properties expenditures	**-**	(56,639)
Proceeds from sale of equipment	**5,129**	8,000
Refund of refundable staking deposits	**-**	11,255
Purchase of refundable staking deposits	**-**	-
Net cash flows from investing activities	**5,129**	(37,384)
(Decrease) in cash	**(26,459)**	(118,013)
Cash, beginning of period	**32,723**	129,774
Cash, end of year	**6,264**	11,761

Supplemental cash flow information (See Note 12)

ıccompanying notes to the condensed consolidated interim financial staten

1. DESCRIPTION OF BUSINESS

Silver Spruce Resources Inc. (the "Company") is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 312, 197 Dufferin Street, Bridgewater, Nova Scotia, B4V 2G9.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

The condensed consolidated interim financial statements (the "financial statements") of the Company are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"). In preparing the interim financial statements, the same accounting principles and methods of computation have been applied as in the annual financial statements for the year ended October 31, 2013. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made.

These condensed consolidated interim statements should be read in conjunction with the Company's consolidated annual financial statements for the year ended October 31, 2013.

Basis of presentation

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, under the historical cost convention except for investments which are reflected at fair value which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Several adverse conditions, however, cast substantial doubt on the validity of this assumption. The Company does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date; the Company has earned no direct mining related revenues. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. It is not possible to predict whether financing efforts will be successful. The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory and environmental requirements and may be affected by undetected defects.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of presentation (continued)

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions such as ongoing operational losses and a need for working capital cast doubt on the validity of this assumption. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. The Company had continuing losses and negative cash flows from operations during the period ended April 30, 2014, and a working capital deficiency and a cumulative deficit as at April 30, 2014. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

3. FUTURE ACCOUNTING CHANGES

IFRS 9 *Classification and Measurement* ("IFRS 9") introduces new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments*: *Recognition and Measurement* to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. This amendment was released in connection with IFRS 7 *Financial Instruments: Disclosures* - *Transition Disclosures* ("IFRS 7") which outlines that, with the amendments to IFRS 9, entities applying IFRS 9 do not need to restate prior periods but are required to apply modified disclosures. The Company is currently assessing the impact of this new standard on the Company's financial assets and financial liabilities.

4. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrants and equity reserve. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period.

5. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

Financial instruments included in HST and other receivables consist of harmonized sales tax due from the Federal Government of Canada. The company has concluded that credit risk is minimal.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2014, the Company had a cash balance of $6,264 (October 31, 2013 - $32,723) to settle current liabilities of $515,958 (October 31, 2013 - $372,706). Of the Company's current financial liabilities, $215,607 (October 31, 2013 - $146,391) have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Market risk

Interest rate risk

The Company does not have any interest-bearing debt. The Company invests any cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

There were no significant changes to credit risk, liquidity risk and market risk during the period.

5. FINANCIAL RISK FACTORS (continued)

d) Fair value

The carrying amounts for cash, other receivables, refundable staking deposits, trade payable and accrued liabilities, and current portion of long-term debt on the statements of financial position approximate fair value due to their short-term maturity. The fair value of investments in entities listed on the TSX Venture Exchange are based on quoted market prices in active markets and are classified as a Level 1 in the fair value hierarchy.

A three tier hierarchy is used as a framework for disclosing the fair value of financial instruments based on inputs used to value the Company's financial instruments. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data

e) Sensitivity analysis

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Silver Spruce Resources Mexico S.A. de C.V. The Company does not use derivatives to mitigate its foreign currency risk.

The statement of financial position includes the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in the Mexican pesos.

	April 30, 2014	October 31, 2013
	$	$
Mexican pesos:		
Cash	**5,025**	7,754
Accounts payable	**5,938**	7,260

A plus or minus 10% change in the value of the Canadian dollar with respect to Mexican Pesos would affect the Company's net loss by approximately $42 (October 31, 2013 - $50) based on balances denominated in Mexican Pesos on April 30, 2014.

A plus or minus 10% change in the Company's investment in marketable securities as at April 30, 2014, would affect the Company's net loss by $34 ($338 x 10%) (October 31, 2013 – $34).

6. MINERAL PROPERTIES

	October 31, 2013	Additions	Refund of expenditures	Impairment and abandonments	April 30, 2014
	$	$	$	$	$
Uranium					
Fish Hawk Lake	-	-	-	-	-
	-	-	-	-	-
Gold and Base Metals					
Big Easy	820,609	4,919	-	-	825,528
Rare Earth Elements					
Pope's Hill Joint Venture	-	-	-	-	-
Pope's Hill	-	-	-	-	-
	-	-	-	-	-
	820,609	4,919	-	-	825,528

7. PROPERTY AND EQUIPMENT

	April 30, 2014			
	Equipment	Computers	Vehicles	Total
	$	$	$	$
Cost:				
At October 31, 2013	175,192	63,483	90,442	329,117
Disposals	987	-	21,362	22,349
At April 30, 2014	174,205	63,483	69,080	306,768
Amortization:				
At October 31, 2013	126,116	59,291	76,582	261,989
Additions	2,383	550	764	3,697
Disposals	383	-	17,950	18,333
At April 30, 2014	128,116	59,841	59,396	247,353
Carrying Value:				
At October 31, 2013	49,076	4,192	13,860	67,128
At April 30, 2014	**46,089**	**3,642**	**9,684**	**59,415**

8. SHARE CAPITAL

The share capital is as follows:

	April 30, 2014	October 31, 2013
	$	$
Authorized:		
An unlimited number of non-voting preference shares		
An unlimited number of common shares		
Issued and outstanding:		
111,957,805 (October 31, 2013 - 111,957,805)	**27,398,740**	27,398,740

9. WARRANTS

The following is a summary of warrants activity for the periods ended April 30, 2014 and October 31, 2013:

	April 30, 2014		October 31, 2013	
	Number	**average exercise price**	Number	average exercise price
		$		$
Balance, beginning of year	**1,196,250**	**0.20**	7,809,595	0.14
Expired during the year	-	-	(6,613,345)	0.20
Balance, end of year	**1,196,250**	**0.20**	1,196,250	0.20

a) The grant date fair value of the warrants granted during the year ended October 31, 2012 were estimated using the FINCAD model for pricing warrants with American style exercise and time varying strike price. The model is based on the Cox-Ross-Rubinstein binominal tree for the underlying stock price with the following key assumptions: The price of an underlying asset is log normally distributed. The volatility of the price of an underlying asset is constant over the life of the option. For the May 18, 2012 private placement the expected dividend yield rate was 0.0%, and the expected volatility was 106.7%. The warrants can be exercised at a price of $0.15 on or after May 18, 2012, $0.20 on or after May 18, 2013, and $0.25 on or after May 18, 2014. The weighted average fair value of the warrants granted in 2012 was $0.02.

9. WARRANTS (continued)

Summary of warrants outstanding as at April 30, 2014:

Warrants	Exercise price	Fair value of warrants	Expiry date
	$	$	
1,196,250	0.20	28,596	May 18, 2015
1,196,250		28,596	

10. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

Share based payment activity for the periods ended April 30, 2014 and October 31, 2013 are summarized as follows:

	April 30, 2014		October 31, 2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**7,565,000**	**0.20**	11,185,000	0.24
Expired	**(2,290,000)**	**0.15**	(3,620,000)	0.33
Balance, end of year	**5,275,000**	**0.22**	7,565,000	0.20

10. SHARE BASED PAYMENTS (continued)

At April 30, 2014 outstanding options to acquire common shares of the Company were as follows:

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
$			$	
0.30	1,450,000	2.37	0.08	1,450,000
0.30	1,600,000	1.97	0.20	1,600,000
0.12	2,225,000	1.24	0.07	2,225,000
0.35	200,000	0.03	0.31	200,000
	5,475,000	1.71	0.12	5,475,000

The weighted average fair value per option of options outstanding as at April 30, 2014 is $0.12 (October 31, 2013 - $0.11).

11. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at April 30, 2014 is $166,031(October 31, 2013 - $140,212) owing to directors and companies controlled by directors of the Company for consulting related services rendered and $70,103 (October 31, 2013 - $56,103) owing to directors for their annual stipend. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

In April 2013, the Company received a loan of $30,000 from a director of the Company. The loan is secured by the Big Easy Property. The loan is due April 28, 2014 and is non-interest bearing. If the Company fails to repay the loan by April 28, 2014, then the Big Easy property will become the property of this director with no interest retained by the Company in full satisfaction of the payment of the loan. On April 28, 2014, the director extended the terms of the loan.

During the period ended April 30, 2014, no stock options were granted to directors, officers and employees of the Company (April 30, 2013 – Nil).

Rent and certain building materials required by the Company for its operations are purchased from a hardware store controlled by a former officer and director of the Company. During periods of exploration, management and employees of the Company stay at a hotel controlled by a former officer and director of the Company. During the six month period ended April 30, 2014, $Nil (April 30, 2013 - $Nil) was paid to the hardware store and $Nil (April 30, 2013 - $853) was paid to the hotel and included in mineral properties on the statement of financial position.

During the six month period ended April 30, 2014 and 2013 key management personnel compensation consisted of services provided by companies owned by directors $43,854 ($21,927 – 2013), and directors’ fees $13,000 ($7,603 – 2013) which are classified as short-term employee benefits.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	April 30, 2014	October 31, 2013
	$	$
Non-cash investing and financing activities:		
Acquisition of mineral properties for share consideration	-	7,000
Expiry of warrants	-	567,781

13. COMMITMENTS AND CONTINGENCIES

The Company has acquired various properties from third party license holders. The agreements provide for the payment of a NSR to the third parties in the event that a property reaches the commercial production stage.

On April 2014, and yearly thereafter, the Company is committed to make advance royalty payments of $20,000 annually until production is obtained in connection with its 100% interest in the licenses and property and mineral license rights of the Big Easy property. The advance royalty payments are deductible from future 3% Net Smelter Return royalty payments derived from commercial production from the property.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow- through subscription agreements.